

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-238-C - ORDER NO. 2005-689
DECEMBER 8, 2005

IN RE: Application of Sprint Long Distance, Inc. for) ORDER GRANTING
a Certificate of Public Convenience and) CERTIFICATE
Necessity to Provide Intrastate Resold)
Telecommunications Services, for Alternative)
Regulation, and for Waiver of Certain)
Commission Rules.)

I. PROCEDURAL BACKGROUND

On August 10, 2005, Sprint Long Distance, Inc. ("Sprint LD" or "SLDI") filed its "Application for a Certificate of Public Convenience and Necessity to Provide Intrastate Resold Telecommunications Services, for Alternative Regulation, and for Waiver of Certain Commission Rules" and Exhibits. The Application was properly verified, pursuant to Commission regulations. The Commission subsequently issued its Order Appointing Hearing Examiner in connection with Sprint LD's Application. On September 13, 2005, the Commission issued its Notice of Filing and Hearing and its Prefile Testimony Letter. The Notice of Filing and Hearing set a deadline for Petitions to Intervene and scheduled a hearing date for Sprint LD's Application. The Prefile Testimony Letter set various deadlines for prefiling testimony. On September 22, 2005, counsel for Sprint LD filed the required Proof of Publication in connection with the Commission's Notice of Filing and Hearing.

The deadline for Petitions to Intervene in connection with Sprint LD's Application expired on October 13, 2005, with no party other than the South Carolina Office of Regulatory Staff ("ORS") intervening. Subsequently, in response to concerns noted by ORS to Sprint representatives, Sprint LD filed a corrected proposed tariff in the docket on October 21, 2005, which addressed certain issues raised by ORS.

Thereafter, on October 27, 2005, Sprint and ORS filed a Joint Motion requesting that in light of the fact that no party other than ORS intervened, and in recognition of ORS' support of the Application, we administratively approve Sprint LD's Application as in the public interest. In its cover letter to the Joint Motion, Sprint LD also requested a brief extension of time to file Direct Testimony in the event that the Commission denied the Joint Motion. The Commission denied the Joint Motion for procedural reasons during its agenda meeting held on November 8, 2005, and required Sprint LD to file verified prefiled testimony supporting the Application in order that the Commission could reach its determination in the matter based on a complete evidentiary record. During the same agenda meeting, the Commission also granted SLDI's request for extension of time to file testimony. In an abundance of caution and prior to the Commission's ruling on the Joint Motion and request for extension of time, SLDI filed brief Direct Testimony on November 7, 2005. Subsequently, and in accordance with the Commission's November 8 ruling, Sprint LD filed the verified Supplemental Direct Testimony of its State Executive for South Carolina, C. Steve Parrott, on November 17, 2005.

A hearing was held December 5, 2005, at the Commission offices in Columbia, South Carolina before Hearing Examiner David Butler. Sprint LD was represented by

Scott Elliott, Esquire. The Office of Regulatory Staff was represented by Wendy B. Cartledge, Esquire. At the outset of the hearing, counsel for the Applicant moved the admission of a revised tariff into the record. Counsel for the ORS consented to its admission with the exception of proposed §§ 8.1 and 8.2. With that exception, the proposed tariff was admitted as Hearing Exhibit 1. Testifying for the Applicant was C. Steve Parrott, whose prefiled direct testimony and verified supplemental direct testimony with one exhibit was entered into evidence (the exhibit to Mr. Parrott's supplemental testimony was introduced as Hearing Exhibit 2). The ORS supports Sprint LD's Application. Based on the foregoing and the evidence of record, the Hearing Examiner recommended that the Commission approve Sprint LD's Application.

II. SUMMARY OF APPLICATION AND TESTIMONY

By and through its Application, Sprint Long Distance, Inc. requests that it be granted a Certificate of Public Convenience and Necessity to provide intrastate interexchange voice and data telecommunications services in South Carolina as a non-facilities-based interexchange telecommunications service reseller. SLDI also requests that the Commission regulate its business services in accordance with the procedures for alternative regulation previously established in Orders No. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C. Application, at 4. Sprint LD further requests that the Commission waive the application of two Commission rules: the requirement that reports and records be maintained within South Carolina; and any requirement that would obligate SLDI to maintain its books and records according to the Uniform System of Accounts as opposed to Sprint LD's current

practice of maintaining books and records in accordance with Generally Accepted Accounting Principles. Application, at 4-5.

In his testimony, Sprint LD's witness, Mr. C. Steve Parrott, discusses at some length SLDI's managerial, technical and financial capabilities to provide service in the state, which are essentially the same as Sprint LD's incumbent local exchange affiliate, United Telephone Company of the Carolinas. See Parrott Supplemental Direct Testimony, at 4-6. Sprint's witness also testified that our approval of SLDI's Application will benefit consumers in South Carolina by facilitating greater competition in the interexchange marketplace and by providing end-users with additional options for billing and terminating their intrastate long distance calls. Additionally, Mr. Parrott observed that approval of the Application serves the public interest by making discounted intrastate interexchange service available to customers whose traffic volumes would not otherwise warrant equivalent discounts. Parrott Supplemental Direct Testimony, at 3.

III. OVERVIEW AND DISCUSSION

The Commission concludes that the public interest will be served by approval of the Application. We agree with Sprint LD that approval of its Application will benefit consumers by establishing greater competition in the interexchange market and by providing consumers with additional choices for billing and terminating long distance calls. We also find that SLDI has the necessary financial, technical and managerial expertise to provide service.

In his testimony, Sprint's witness, Mr. Parrott, correctly points out that no party other than ORS has intervened in connection with Sprint LD's Application and that ORS

is on record as actively supporting Sprint LD's Application as in the public interest. Further, ORS' initial concerns regarding Sprint LD's illustrative tariff have been adequately addressed by Sprint LD's revised tariff filed on October 21, 2005. Accordingly, in furtherance of the public interest, we hereby adopt the Hearing Examiner's recommendation and approve Sprint LD's Application for a Certificate of Public Convenience and Necessity to provide intrastate interexchange services in South Carolina. Since no party other than ORS has intervened in the docket and since ORS supports this request, we find that no party will be disadvantaged by approval of the Application at this time.

IV. FINDINGS OF FACT

1. Sprint LD is organized under the laws of the State of Delaware and has been authorized by the Secretary of State to transact business as a foreign corporation in the State of South Carolina.

2. Sprint LD desires to provide intrastate resold interexchange telecommunications services in the State of South Carolina.

3. Sprint LD possesses sufficient technical, financial and managerial abilities to provide the services discussed in Sprint LD's Application.

4. Compliance with 26 S.C. Code Ann. Regs. 103-610 would cause unusual difficulty for Sprint LD and a waiver from the requirement to maintain books and records within the State of South Carolina is in the public interest.

5. It is in the public interest to grant Sprint LD a waiver from the requirement to maintain its books and records in accordance with the Uniform System of Accounts.

VI. CONCLUSIONS OF LAW

1. The Commission has jurisdiction to approve Sprint LD's Application for a Certificate of Public Convenience and Necessity pursuant to S.C. Code Ann. Sections 58-9-280 and 58-9-520.

2. The Commission determines that Sprint LD will participate in the support of universally available telephone service at affordable rates to the extent that Sprint LD may be required to do so by the Commission.

3. The Commission concludes that approval of Sprint LD's Application to provide intrastate resold interexchange services within South Carolina is in the public interest because it will benefit South Carolina consumers by creating greater competition in the interexchange market and by providing consumers with additional choices for billing and terminating long distance calls.

4. Based on the above Findings of Fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Sprint LD to provide intrastate telecommunications services between and among locations within the State of South Carolina as a non-facilities-based interexchange service provider.

5. The Commission concludes that Sprint LD's interexchange telecommunications services should be regulated in accordance with the procedures for alternative regulation for business service offerings established in Order Numbers 95-1734 and 96-55 in Docket Number 95-661-C, as modified by Order Number 2001-997 in Docket Number 2000-407-C. Specifically, the Commission-approved relaxed, alternative regulation allows business service offerings to be subject to a form of regulation identical

to that granted to AT&T in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Pursuant to Order No. 2001-997 in Docket No. 2000-407-C, however, we modified the relaxed regulation by re-imposing rate caps for certain operator-assisted calls for which a customer uses a LEC's calling card to complete calls from locations that have not selected that LEC as the toll provider. Order No. 2001-997 imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a flat per-minute rate cap of \$0.35 in connection with these calls. Under this alternative form of regulation, Sprint LD's tariff filings for business services shall be presumptively valid, and the Commission will have seven days in which to investigate and suspend any tariff filing.

6. The Commission adopts a rate design for Sprint LD that includes only maximum rate levels for each residential tariff charge. See In Re Application of GTE Sprint Communications Corp., Order No. 84-622, Docket No. 84-10-C (issued August 2, 1984).

7. The Commission concludes that Sprint LD may not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. Sprint LD shall file proposed rate changes, publish notice of such changes and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. The public notice requirement will be waived, however, for reductions below the maximum cap that do not affect the general body of subscribers. See In Re Application of GTE Sprint Communications, Order No. 93-638, Docket No. 84-10-C (issued July 16, 1993). Proposed increases in the maximum rate levels for residential services, which would be applicable to the general body of Sprint LD's subscribers, shall

constitute a general ratemaking proceeding and will be governed pursuant to the notice and hearing provisions of S.C. Code Ann. Section 58-9-540.

8. The Commission concludes that Sprint LD is subject to access charges pursuant to prior Commission Orders; that Sprint LD shall resell the services of only those IXC's or LEC's authorized by this Commission to provide service in South Carolina; that Sprint LD shall file the required annual financial information with the Commission; that Sprint LD shall designate an authorized representative who is prepared to discuss complaints, engineering operations and repairs; that Sprint LD shall file the annual Intrastate Universal Service Fund worksheet; and that Sprint LD shall comply with all other relevant Orders, Rules and Regulations of this Commission, unless application of a regulation is specifically waived by the Commission.

9. The Commission further determines that Sprint LD should be granted a waiver of 26 Code Ann. Regs. 103-610 requiring that reports and records be maintained within the state.

10. The Commission further concludes that pursuant to 26 Code Ann. Regs. 103-603, Sprint LD should be permitted to maintain its books and records in accordance with Generally Accepted Accounting Principles, or GAAP, instead of the Uniform System of Accounts.

IT IS THEREFORE ORDERED THAT:

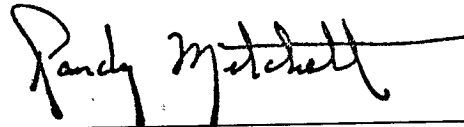
1. A Certificate of Public Convenience and Necessity should be granted to Sprint Long Distance, Inc. to provide intrastate telecommunications services between and among locations within the State of South Carolina as a non-facilities-based

interexchange service provider, and to originate and terminate toll traffic within the same LATA through the resale of such services authorized for resale by the tariffs of carriers approved by this Commission.

2. In rendering resold interexchange services in South Carolina, Sprint LD shall comply with all applicable rules and regulations of this Commission, including those specifically discussed herein; and

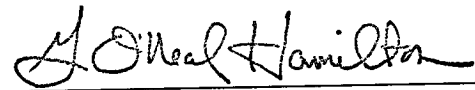
3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

A handwritten signature in black ink, reading "Randy Mitchell", written over a horizontal line.

Randy Mitchell, Chairman

ATTEST:

A handwritten signature in black ink, reading "G. O'Neal Hamilton", written over a horizontal line.

G. O'Neal Hamilton, Vice Chairman

(SEAL)